

Global Markets Daily

Retiring the “Transitory” Label

US Equities See Red, USD Pare Losses Post Powell Comments

US equities were roiled by concerns on efficacy of current vaccines against Omicron and Powell’s comments to the Senate Banking Committee which suggested a potentially faster Fed taper, but negative spillovers to regional equities this morning look more modest. On FX, upside pressures on the EUR (elevated EU CPI) and JPY (haven demand) had weighed on the dollar DXY at one point, but some support for UST yields and USD emerged post Powell’s comments. Most Axi FX continues to display resilience against both Omicron and Fed taper concerns.

Tilt Towards Faster Pace of Fed Tapering

The reference to “transitory” inflation first appeared in Fed’s Apr policy statement, but was “retired” yesterday. Powell commented that label was creating issues with interpretation, explaining that Fed officials meant to communicate that price pressures would likely not become entrenched, but that some parts of the markets had taken it to mean inflation would be short-lived. In any case, while headline CPI readings may still moderate next year (baseline expectations for inflation to fall closer to Fed’s 2% target over 2022), price pressures do show more signs of persistence, on a mix of demand recover and supply challenges, and the Fed may consider ending asset purchases earlier than planned.

Watch for US ISM Mfg, ADP Employment

Key data of interest today include US ISM Mfg (Nov), ADP employment (Nov), Construction spending (Oct), China Caixin PMI Mfg (Nov), Indonesia CPI (Nov). PMI Mfg for Malaysia, Philippines and Indonesia also on tap. AU 3Q GDP growth came in at 3.9%/y vs. expected 3.0%.

FX: Overnight Closing Levels/ % Change					
Majors	Prev Close	% Chg	Asian FX	Prev Close	% Chg
EUR/USD	1.1338	↑ 0.42	USD/SGD	1.3656	↓ -0.21
GBP/USD	1.3299	↓ -0.12	EUR/SGD	1.5484	↑ 0.21
AUD/USD	0.7127	↓ -0.22	JPY/SGD	1.2056	↑ 0.02
NZD/USD	0.6822	↓ -0.04	GBP/SGD	1.8156	↓ -0.35
USD/JPY	113.17	↓ -0.32	AUD/SGD	0.9729	↓ -0.48
EUR/JPY	128.32	↑ 0.10	NZD/SGD	0.9307	↓ -0.35
USD/CHF	0.9189	↓ -0.47	CHF/SGD	1.4854	↑ 0.21
USD/CAD	1.2779	↑ 0.30	CAD/SGD	1.0678	↓ -0.61
USD/MYR	4.2038	↓ -0.82	SGD/MYR	3.0786	↓ -0.58
USD/THB	33.698	↑ 0.07	SGD/IDR	10475.48	↑ 0.13
USD/IDR	14323	→ 0.00	SGD/PHP	36.7533	↓ -0.09
USD/PHP	50.383	→ 0.00	SGD/CNY	4.6683	↑ 0.15

Implied USD/SGD Estimates at 1 December 2021, 9.00am

Upper Band Limit	Mid-Point	Lower Band Limit
1.3466	1.3741	1.4016

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G7: Events & Market Closure

Date	Ctry	Event
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Asia Ex JP: Events & Market Closure

Date	Ctry	Event
30 Nov	PH	Market Closure

G7 Currencies

■ **DXY Index - ADP, ISM mfg and Powell (again) Tonight.** An untimely mix of Powell's hawkish remarks and Omicron fears doused market sentiment. Equities and commodity markets were the main casualties overnight. Fed Chair Powell told senate banking panel that Fed is was prepared to quicken the pace of tapering and that it would be appropriate to consider this at the upcoming FOMC meeting (15 - 16 Dec). He also said "its probably a good time to retire the word, transitory and try to explain more clearly what we mean". Powell acknowledged that the risk of higher inflation has increased but reiterated that his baseline expectations is for inflation to fall closer to Fed's 2% target over the course of 2022. His comments saw UST yields and USD jumped in response but moves were reversed lower. Meanwhile earlier comments from Moderna CEO that existing vaccine shots are less effective against omicron variant curbed risk appetite. At this point, we opined such comments are noise as it still take up to a few weeks for experts to understand the impact the variant has on existing vaccines. Uncertainty on Omicron will drive markets both way in the near term however it not likely we return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago. Moderna, Pfizer are saying that modified mRNA vaccine is possible within six weeks and that can ship initial batches within 100 days. Experts also pointed to the existence of antiviral drug such as Merck's covid pill ([molnupiravir](#)) and existing therapy via anti-inflammatory drug (dexamethasone) that are likely to work against omicron. Caution is still warranted but we see the glass half-full rather than half empty. DXY ended the session weaker overnight, in line with technical observation. Last at 96 levels. Bullish momentum on daily chart is fading while RSI is falling. Weekly candlestick pattern produced a gravestone doji pattern. We monitor price action for a reversal of the prior trend to the downside. Support next at 95.5 (21 DMA) before 94.40/50 (38.2% fibo retracement of 2020 high to 2021 low, 50 DMA). Resistance at 96.70, 97.70 (61.8% fibo). Week remaining brings ISM Mfg (Nov); ADP employment (Nov); construction spending (Oct); Powell-Yellen testimony to House Panel on Wed; Fed's Beige book on Thu; NFP, unemployment rate, average hourly earnings, ISM services (Nov); Durable goods order (Oct) on Fri.

■ **EURUSD - PMI Mfg in Focus.** Gains in EUR slowed overnight on Powell's comments re faster pace of tapering and on the removal of the word "transitory" to describe inflation. EU-UST 2y yield differentials widened again to -132bps, from -123bps. ECB on the other hand remains unfazed with inflation creeping higher as they hold strongly to their view of keeping rates unchanged. In yesterday's data release, Euro-area CPI estimate jumped to 4.9% for Nov, up from 4.1% in Oct. Early week saw inflation rose in Germany (6% vs. 5.5% expected), Spain (5.6% vs. 5.5% expected) while PPI for Italy surged 25.3% (vs. 15.6% prior). Incoming German Chancellor said that government will need to take action if inflation does not ease from its current high. We cautioned that in the event inflation

does not taper off as ECB expects, then ECB may have to play a sharp catch up on policy normalisation so as to arrest runaway prices. EUR was last at 1.1320 levels. Daily momentum turned bullish while rise in RSI moderated. Sideways trade likely. Resistance here at 1.1390 (21 DMA) and 1.1490 levels (50% fibo retracement of 2020 low to 2021 high). Support at 1.1290 (61.8% fibo), 1.1220, 1.1180. This week brings PMI Mfg (Nov) on Wed; PPI, unemployment rate (Oct) on Thu; PMI Services (Nov); retail sales (Oct).

■ **GBPUSD - Bullish Divergence?** GBP remains under pressure, weighed by omicron variant as UK brace for the risk of hundreds of cases omicron variant in UK. Wearing of face mask is now mandatory again in England. 2 cases of omicron were announced on Sat, rising to 3 on Sunday and they have been linked to travel to South Africa. On Monday, 6 new cases involving omicron variant has been discovered in Scotland and it was reported that some of these cases had no travel history. This gave the suspicion that omicron may already be spreading in the community in UK. There were calls to tighten restrictions including reverting back to WFH. Tightened measures dampen sentiment and weighed on GBP. Pair was last at 1.33. Bearish momentum on daily chart still intact while RSI is near oversold conditions. Potential bullish divergence still seen on daily MACD. Falling wedge pattern also in place - a potential bullish reversal. We see potential rebound risks. Resistance at 1.3410 (23.6% fibo retracement of Oct high to Nov low), 1.3460 (50 DMA). Support here at 1.3280, 1.3190 (2021 low). Relatively quiet week ahead with PMI Mfg (Nov) on Wed; PMI services (Nov) on Fri.

■ **USDJPY - Support Emerging.** Last seen at 113.25. Omicron concerns continued to weigh on the pair yesterday, as comments from Moderna executives and others led markets to question the efficacy of current vaccines against the new variant. Pair tanked towards 112.50 at one point, before Powell's comments on a potentially faster pace of Fed tapering led to a modest recovery in UST yields and USD. We note that the USDJPY pair is now tugged in opposing directions by Omicron versus inflation/Fed tapering concerns. More signs of global travel curbs, drags on activity from Omicron risks could induce haven demand for JPY, USTs, and push USDJPY lower, while incremental hawkish tilts by Fed could support UST yields and the pair. On net, a sharp recovery higher in USDJPY may be less likely for now, but tentative support could be emerging. Momentum on daily chart is modestly bearish while RSI is not showing a clear bias. Support at 113.10 (38.2% fibo retracement from Sep low to Nov high), 112.30 (50.0% fibo). Resistance at 114.00 (23.6% fibo), 115.50 (Nov high). 3Q capital spending grew by 1.2%/y, slightly lower than expected 1.5%.

■ **NZDUSD - Falling Wedge?** NZD continued to drift higher as sentiment improved. Asian equities were broadly firmer with Hang Seng, KOSPI up more than 1%. Markets are probably making sense that Moderna's comments were not facts as there is insufficient data at this point to judge if existing vaccine cannot or can counter omicron variant. It will take up to weeks for experts to tell the impact variant has on vaccines. Uncertainty on Omicron will drive

markets both way in the near term but it not likely we return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago. Moderna, Pfizer are saying that modified mRNA vaccine is possible within six weeks and that can ship initial batches within 100 days. Experts also pointed to the existence of antiviral drug such as Merck's covid pill ([molnupiravir](#)) and existing therapy via anti-inflammatory drug (dexamethasone) that are likely to work against omicron. Caution is still warranted but we see the glass half-full rather than half empty. NZD was last seen at 0.6845 levels. Bearish momentum on daily chart shows tentative signs of fading while RSI is showing signs of turning higher from oversold conditions. Potential breakout of falling wedge pattern observed - typically associated with bullish reversal. We maintain bias to buy dips, opportunistically. Resistance at 0.6860, 0.6905 (23.6% fibo retracement of Oct high to Nov low), 0.6960 (32.8% fibo). Support here at 0.6810 levels (double bottom). Tomorrow brings Terms of Trade (3Q).

■ **AUDUSD - Strong Support at 0.7110 Tested, Plausible Double Bottom Intact.** Pair whipped around the 0.71-figure yesterday with headlines on Omicron shifting sentiment. While Moderna pledged for a swift update on their vaccine, BioNTech opined that the current vaccines are likely to protect against severe disease in case of Omicron-infection. Merck & Co. also expects its (newly approved) antiviral pill to be active against the variant. While comments by drug maker likely brought some tentative relief, sentiment soured on Powell's abandonment of the "transitory" narrative of inflation whilst cautioning on the risks that the Omicron variant can pose on his outlook. Equities reacted negatively alongside a slide in crude oil prices. Cautious sentiment could continue to weigh on AUDUSD, last at 0.7130. A key support for the pairing at this point could come from the strength in the EUR that crimps on broader USD strength even as risk appetite is poor. As investors continue to watch and monitor for severe cases to develop from Omicron infections, we continue to eye the 0.7110-support. A break there could bring this pair towards the next support at the 0.70-figure. **Should this support at 0.7110 remain intact, a plausible double bottom has formed that typically precedes a strong rebound.** At home, Australia posted a sequential decline of -1.9% for GDP in 3Q, a tad better than the expected -2.7%. The headline was weighed by decline in household consumption at -2.5%q/q vs. previous 0.6%, albeit partially offset by the rise in general government expenditure at +0.8% vs. previous 0.3%. Meanwhile, Nov Mfg PMI rose to 59.2 vs. previous 58.5. The rest of the week has trade and home loans for Oct on Thu and Services PMI for Nov on Fri.

■ **USDCAD - Rising Trend Channel.** USDCAD spiked to a high of 1.2837 at one point before reversing lower. The CAD was dragged by a combination of weaker risk appetite and concomitantly lower crude oil prices as focus remains centred on the Omicron-virus and Powell's warning that tapering could be faster than expected and officially "retiring" the "transitory" word. He pledged for greater

focus on supply-side issues. As the world awaits greater understanding of the virus, USDCAD may remain supported on dips. Bullish momentum is intact and the 1.28-figure has become a resistance for the spot that was last at 1.2760. The next resistance is seen at around 1.2890. Support at 1.2750 before 1.2664 (61.8% fibo retracement of the Sep-Oct drop), 1.2590 (50% fibo). For the rest of the week, Oct building permits, Nov Mfg PMI are due on Wed. Fri has Nov labour report.

Asia ex Japan Currencies

SGDNEER trades around +0.63% from the implied mid-point of 1.3741 with the top estimated at 1.3466 and the floor at 1.4016.

- **USDSGD - Bullish Momentum Moderating.** USDSGD last seen at 1.3655, seeing a modest dip yesterday on some signs of broad dollar softening, before Powell's comments on a potentially faster pace of Fed tapering helped the dollar find some tentative support. Stricter Covid-19 testing protocols will be in place for all travellers to Singapore from 2 Dec, while all new VTL approvals and further relaxation of social curbs will be put on hold for now. But domestic restrictions are also not tightened at this point, with the focus on border measures in the interim. SGD NEER last seen trading at +0.63% above par. Sentiments could be a tad more cautious in the interim as Omicron developments play out, but expect any SGD losses to be contained. On the USDSGD daily chart, bullish momentum is moderating, while RSI is dipping lower from overbought conditions earlier. Resistance at 1.3700, 1.3750. Support at 1.3620 (38.2% fibo retracement of Oct low to Nov high), 1.3540 (61.8% fibo), 1.3500 (76.4% fibo). PMI due Thurs.
- **AUDSGD - Pressured, plausible double bottom?** AUDSGD touched a low of 0.9690 before some retracement to levels around 0.9740 as we write Asia morning. This cross still faces bearish pressure. Overnight low might have formed an arguable double bottom for this cross. Resistance at 0.9800 (23.6% fibo retracement of the Nov plunge) before the next at 0.9870 (38.2% fibo).
- **SGDMYR - Sideways but at Lower Levels.** SGDMYR fell sharply amid MYR strength. Cross was last at 3.0790 levels. Bullish momentum faded while RSI shows fell from near overbought conditions. Support at 3.0780 (21 DMA), 3.0720 (61.8% fibo). Resistance at 3.0840 (50DMA, 50% fibo), 3.0930/60 levels (100 DMA, 38.2% fibo retracement of Mar low to 2021 double top). We look for 3.0700 - 3.0850 range intra-day.
- **USDMYR - Correction Underway.** USDMYR saw a sharp turnaround lower amid oil price jump this morning while fears of omicron receded. Uncertainty on Omicron will drive markets both way in the near term but it not likely we return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago. USDMYR was last at 4.2010 levels. Bullish momentum on daily chart faded but RSI is falling from very overbought conditions. Our caution for risk of snapback (lower) materialised. Support at 4.20 (break out level), 4.1880 (100 DMA), 4.1740 (50 DMA). Resistance at 4.22, 4.2450 levels. FTSE KLCI was +0.83% this morning. As of yesterday, foreigners net sold \$49.2mn of local equities. On FI, our analyst noted that Ringgit government bonds did not move as much. Govvies generally did see better buying, especially in GII short ends and MGS long ends, driven by local investors and flows from some foreign accounts. Yields

mostly ended 1-6bp lower with the MGS curve flatter. In the IRS space, 5y IRS dealt at 2.93% and lower at 2.87%. The 3M KLIBOR stood at 1.97%.

- **1m USDKRW NDF - *Breaking Down*.** 1m USDKRW NDF extended its decline this morning amid improved optimism. Markets are probably making sense that Moderna's comments were not facts as there is insufficient data at this point to judge if existing vaccine cannot or can counter omicron variant. It will take up to weeks for experts to tell the impact variant has on vaccines. Uncertainty on Omicron will drive markets both way in the near term but it not likely we return back to a year ago as (1) more people are vaccinated today than a year ago and; (2) vaccine technology has advanced tremendously. There are now more variety of vaccines and treatment drugs than a year ago. KOSPI was up +1.7% in early trade. 1m USDKRW NDF was last at 1181 levels. Bullish momentum on daily chart waned while RSI is falling. Rising wedge pattern is potentially in the making - typically associated with bearish reversal. Immediate support at 1177 (61.8% fibo retracement of Oct low to Nov high). Resistance at 1185 (21DMA), 1183 (50DMA) before 1190 (23.6% fibo).
- **USDCNH - *Break-Out!*** USDCNH broke out of the 6.3700-6.4080 range yesterday amid whispers of month-end exporters USD selling. In addition, the highly-mutated Omicron-variant is the latest uncertainty in the pandemic world and adds to the demand for CNY given China's zero-covid management that could impart some safe-haven quality to the currency. Caixin Mfg PMI slipped under the key 50-figure to 49.9 vs. previous 50.6. The survey pinned the weaker headline to softer demand conditions. Back on the USDCNH chart, next support is seen at 6.3525. Resistance at 6.3874 (21-dma). Once again, the USDCNY is fixed at 6.3693 (**above median estimate** at 6.3682). For the rest of the week, Caixin Services due on Fri. Vice Premier Liu He expects 2021 growth to surpass the target according to his speech at the Hamburg Summit, elaborating that China will maintain the continuity, stability and sustainability of its macro policies. Separately, Premier Li Keqiang had called for greater cooperation to ensure "long-term stable supply of oil, gas and electricity" according to an article on Xinhua.
- **1M USDINR NDF - *Capped*.** NDF last seen at 75.25, hardly reacting to the risk-off sentiment. Lower UST 10y yield and oil prices certainly help cap upsides. Momentum is bullish for this pair. Support at 74.86 before 74.50. Resistance is seen around 75.30 (23.6% fibo retracement of the Sep-Oct rally). 3Q GDP slowed to 8.4%/y from previous 20.1%, broadly in line with median estimates. Growth in gross value added showed a similar trajectory with a slowdown to 8.5% for 3Q from previous 18.8%. Breakdown reveals some normalization especially for services sector as restrictions were eased and investment sentiment also showed modest rebound. That said, focus on the Omicron variant at this point and the risks it poses to growth outlook. Week ahead has Mfg PMI for Nov on Wed, Services PMI on Fri.

- **USDVND - Increasing Bullish Momentum.** USDVND closed at 22729 on 30 Nov higher versus the 22685-close on 29 Nov. Momentum is bullish and stochastics remain on the rise. Resistance at 22730 (50-dma) is being tested and the next is seen around 22770. Interim support seen at 22660 before 22630 and at 22570.
- **1M USDIDR NDF - Upsides Capped.** 1M NDF last seen near 14,380, on par with levels seen yesterday morning. Despite Powell's comments overnight on removing the "transitory" label on inflation and consideration of a potentially faster pace of Fed tapering, IDR sentiments continue to be somewhat benign. Broad AxJ FX complex continues to display resilience against Omicron concerns after the initial bout of risk-off last Fri. PMI Mfg for Nov remained robustly in expansionary territory at 53.9, despite moderating from 57.2 prior. For now, policy adjustments focus on border restrictions, with domestic curbs largely unchanged. On the NDF daily chart, bullish momentum is moderating, while RSI is not showing a clear bias. Resistance at 14,500 (Nov high), 14680 (Jul high). Support at 14,320 (21-DMA), 14,200 (23.6% fibo retracement from Jul high to Oct low). CPI due today.
- **USDTHB - Bullish But Near-overbought.** Last seen at 33.70, with the pair continuing to see some two-way swings yesterday. The earlier USDTHB rally on Omicron concerns seems to be taking a breather for now. Despite some signs of stabilization in regional sentiments, pace of THB recovery (USDTHB retracement lower) could be slow on net. Omicron spread into Europe is a concern, as Europeans accounted for 59% of Thailand's international tourists in October 21. Additionally, if Omicron spreads globally and is assessed to have significant health impact, in the worst-case scenario, Thailand may have to shut down its borders. Still, benign manufacturing and trade outturns could help curb excessive losses in the THB. Mfg production grew by 2.91%/y in Oct, outperforming expectations for 2.00% growth. Exports and imports grew by 17.0% and 20.1% respectively, leading to an Oct trade balance of around US\$3.8bn, on the higher end of recent ranges. Momentum on USDTHB daily chart remains bullish while RSI is hovering near overbought conditions. Resistance at 34.00 (Sep high). Support nearby at 33.60 (76.4% fibo retracement from Sep high to Nov low), next at 33.30 (50.0% fibo), 32.90 (23.6% fibo). CPI due Fri.
- **1M USDPHP NDF - Bullish Momentum Moderated.** 1m USDPHP NDF was last seen at 50.49, slightly higher versus levels seen yesterday morning. Despite ongoing caution amid Omicron headlines, losses in the PHP might be contained as seasonal remittance flows should be supportive of the PHP into year-end. PMI Mfg for Nov came in at 51.7, slightly better versus 51.0 prior. Bullish momentum on the daily chart has largely moderated while RSI is not showing a clear bias. Resistance at 50.50 (38.2% fibo retracement from Sep high to Nov low) is being tested, next at 50.90 (61.8% fibo), 51.50 (Sep high). Support at 50.20 (23.6% fibo), 49.80 (Nov low).

Malaysia Fixed Income

Rates Indicators

Analysts

MGS	Previous Bus. Day	Yesterday's Close	Change (bps)
3YR MH 6/24	2.68	2.68	Unchanged
5YR MO 11/26	3.12	3.12	Unchanged
7YR MS 6/28	3.41	3.40	-1
10YR MO 4/31	3.52	3.52	Unchanged
15YR MS 5/35	3.89	3.85	-4
20YR MY 5/40	4.15	4.10	-5
30YR MZ 6/50	4.24	4.18	-6
IRS			
6-months	1.97	1.97	-
9-months	2.02	2.02	-
1-year	2.08	2.07	-1
3-year	2.66	2.62	-4
5-year	2.92	2.88	-4
7-year	3.15	3.12	-3
10-year	3.32	3.31	-1

Source: Maybank KE

*Indicative levels

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- Risk sentiment remains rattled by Omicron variant and global rates declined with sharp moves in UST, possibly exacerbated by month-end rebalancing and rollovers. Ringgit government bonds did not move as much. Govvies generally did see better buying, especially in GII short ends and MGS long ends, driven by local investors and flows from some foreign accounts. Yields mostly ended 1-6bp lower with the MGS curve flatter.
- IRS space had a relatively quiet morning until negative Omicron-related headlines sent US rates falling. MYR IRS followed suit and slid 1-5bp lower from previous day. 5y IRS dealt at 2.93% and lower at 2.87%. The 3M KLIBOR stood pat 1.97%.
- Another muted day for local corporate bonds with investors still sidelined given the risk-off sentiment and last day of the month. In GG, only Danainfra 2029 was traded and at 3bp weaker. AAA space saw Sarawak Hidro 2031 trade 5bp firmer. AA credits had some selling at the front end sector where yields rose about 1bp higher.

Singapore Fixed Income

Rates Indicators

SGS	Previous Bus. Day	Yesterday's Close	Change (bps)
2YR	0.85	0.83	-2
5YR	1.40	1.28	-12
10YR	1.75	1.70	-5
15YR	1.97	1.93	-4
20YR	2.03	1.99	-4
30YR	1.98	1.94	-4

Source: MAS (Bid Yields)

- SGD rates fell sharply in tandem with UST yields, with 10y UST yield falling below 1.50%, on the back of Omicron fears. 5y SORA OIS led the decline, down by almost 9bp at the close. SGS also saw aggressive buying interests on the 5y benchmark which drove the yield down 12bp. Other parts of the yield curve shifted lower by 2-5bp.
- Risk sentiment started firm in the morning but reversed after Moderna raised doubts on vaccine efficacy for Omicron which drove demand for safe havens. Spreads widened 1-3bp from previous closing and market turned quiet after the headline. Indonesia and Philippines sovereign bond prices rose marginally in line with the rally in UST, though spreads were 5-7bp wider. In the Malaysia USD space, Petronas long end bonds outperformed with spread tightening 2bp on real money demand. China and India HYs were supported with prices unchanged or marginally higher on the back of short covering and few sellers.

Indonesia Fixed Income

Rates Indicators

IDR Gov't Bonds	Previous Bus. Day	Yesterday's Close	Change
1YR	3.07	3.02	(0.05)
3YR	4.07	4.07	0.00
5YR	4.90	4.87	(0.02)
10YR	6.10	6.10	0.01
15YR	6.26	6.27	0.01
20YR	6.81	6.84	0.03
30YR	6.81	6.81	(0.01)

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* Source: Bloomberg, Maybank Indonesia

- Most Indonesian government bonds were still under pressures amidst a weakening on both local currency and stock market yesterday. Most investors still took safety action, due to recent global fears of rapid widespread on COVID-19 by Omicron variant. The World Health Organization warned of a “very high” risk of infection surges from Omicron, and countries around the world have reacted quickly to tighten border controls. Foreign investors continued reducing their ownerships on Indonesian government bonds, as shown by lower values of on their ownerships from Rp949.27 trillion on 29 Oct-21 to Rp921.49 trillion on 29 Nov-21. Nevertheless, Indonesian government bonds’ positions were still relative solid so far, strongly supported by local investors, especially local banks and Bank Indonesia. Yesterday was also reported that Bank Indonesia bought Rp58 trillion of government bonds in debt monetization. Finance ministry sold the bonds via private placement to Bank Indonesia, the first transaction in the central bank’s latest round of government debt purchases, according to Bloomberg from a statement on the Debt Management Office. The government sold Rp14.5 trillion each of notes due in 2026, 2027, 2028 and 2029. The next rounds of central bank debt purchases will be done gradually in line with the need to fund health and social aid budget to address the impact of the pandemic. Last night, the Fed’s Governor Jerome Powell just gave a hawkish statement on its recent testimony before the Senate Banking Committee. It gave negative reactions for investors on the U.S. equity market. Powell’s hawkish tone, along with other recent Fed’s key persons speak, signalled a significant shift within the FOMC. On taper acceleration, Powell said, “It is appropriate to consider wrapping up a few months sooner.” Powell said the threat of persistently higher inflation has grown, and it’s probably time to “retire” the word “transitory.” Powell directly answered a critical question: If the Fed’s mandates are in tension with one another, which will they pick? He said a long expansion is crucial to increasing the labor participation rate, which lags other labor-market indicators. In order to ensure that, the Fed needs to get inflation under control.

- Today, IHS Markit reported that Indonesian manufacturing sector was still on expansion mode. Indonesian Manufacturing PMI slightly dropped from 57.2 in Oct-21 to 53.9 in Nov-21. We thought that recent retreat on the country’s manufacturing indicator is in line with recent global economic slowdown activities due to worsening cases of COVID-19 by delta variant, higher oil and other energy prices, then a disturb on global supply chain. Then, after Markit’s announcement, Indonesia Statistic Agency will announce the latest inflation result. We expect inflation to keep manageable at below 2.00% YoY in Nov-21, amidst recent soaring prices on the cooking oil due to persisting high level on the global CPO prices.

Foreign Exchange: Daily Levels

	EUR/USD	USD/JPY	AUD/USD	GBP/USD	USD/CNH	NZD/USD	EUR/JPY	AUD/JPY
R2	1.1466	114.56	0.7228	1.3463	6.3954	0.6900	129.1533	81.9997
R1	1.1402	113.86	0.7178	1.3381	6.3813	0.6861	128.7367	81.3283
Current	1.1321	113.43	0.7143	1.3296	6.3661	0.6840	128.4100	81.0190
S1	1.1255	112.50	0.7070	1.3206	6.3587	0.6778	127.7767	80.0513
S2	1.1172	111.84	0.7012	1.3113	6.3502	0.6734	127.2333	79.4457
	USD/SGD	USD/MYR	USD/IDR	USD/PHP	USD/THB	EUR/SGD	CNY/MYR	SGD/MYR
R2	1.3769	4.2493	14385	50.4037	33.9500	1.5606	0.6662	3.1057
R1	1.3713	4.2265	14354	50.3933	33.8240	1.5545	0.6633	3.0921
Current	1.3651	4.2020	14360	50.3950	33.7010	1.5454	0.6604	3.0786
S1	1.3616	4.1925	14284	50.3223	33.5700	1.5422	0.6587	3.0715
S2	1.3575	4.1813	14245	50.2617	33.4420	1.5360	0.6569	3.0645

*Values calculated based on pivots, a formula that projects support/resistance for the day.

Policy Rates

Rates	Current (%)	Upcoming CB Meeting	MBB Expectation
MAS SGD 3-Month SIBOR	0.4375	Apr-22	Tightening Bias
BNM O/N Policy Rate	1.75	20/1/2022	Easing Bias
BI 7-Day Reverse Repo Rate	3.50	16/12/2021	Easing Bias
BOT 1-Day Repo	0.50	22/12/2021	Easing Bias
BSP O/N Reverse Repo	2.00	16/12/2021	Easing Bias
CBC Discount Rate	1.13	16/12/2021	Neutral
HKMA Base Rate	0.50	-	Neutral
PBOC 1Y Loan Prime Rate	3.85	-	Neutral
RBI Repo Rate	4.00	8/12/2021	Neutral
BOK Base Rate	1.00	14/1/2022	Tightening
Fed Funds Target Rate	0.25	16/12/2021	Tightening Bias
ECB Deposit Facility Rate	-0.50	16/12/2021	Easing Bias
BOE Official Bank Rate	0.10	16/12/2021	Tightening Bias
RBA Cash Rate Target	0.10	7/12/2021	Neutral
RBNZ Official Cash Rate	0.75	23/2/2022	Tightening
BOJ Rate	-0.10	17/12/2021	Easing Bias
BoC O/N Rate	0.25	8/12/2021	Tightening Bias

Equity Indices and Key Commodities

	Value	% Change
Dow	34,483.72	-1.86
Nasdaq	15,537.69	-1.55
Nikkei 225	27,821.76	-1.63
FTSE	7,059.45	-0.71
Australia ASX 200	7,255.97	0.22
Singapore Straits Times	3,041.29	-2.54
Kuala Lumpur Composite	1,513.98	0.23
Jakarta Composite	6,533.93	-1.13
Philippines Composite	7,200.88	-1.07
Taiwan TAIEX	17,427.76	0.58
Korea KOSPI	2,839.01	-2.42
Shanghai Comp Index	3,563.89	0.03
Hong Kong Hang Seng	23,475.26	-1.58
India Sensex	57,064.87	-0.34
Nymex Crude Oil WTI	66.18	-5.39
Comex Gold	1,776.50	-0.49
Reuters CRB Index	219.19	-2.89
MBB KL	7.98	-0.87

MYR Bonds Trades Details

MGS & GII	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low
MGS 1/2017 3.882% 10.03.2022	3.882%	10-Mar-22	227	1.74	1.791	1.678
MGS 1/2012 3.418% 15.08.2022	3.418%	15-Aug-22	30	1.736	1.736	1.679
MGS 2/2015 3.795% 30.09.2022	3.795%	30-Sep-22	12	1.726	1.828	1.677
MGS 3/2013 3.480% 15.03.2023	3.480%	15-Mar-23	95	2.262	2.268	2.169
MGS 2/2018 3.757% 20.04.2023	3.757%	20-Apr-23	23	2.272	2.296	2.216
MGS 1/2016 3.800% 17.08.2023	3.800%	17-Aug-23	1	2.355	2.355	2.355
MGS 3/2019 3.478% 14.06.2024	3.478%	14-Jun-24	122	2.669	2.717	2.656
MGS 2/2017 4.059% 30.09.2024	4.059%	30-Sep-24	6	2.835	2.835	2.69
MGS 1/2018 3.882% 14.03.2025	3.882%	14-Mar-25	15	2.793	2.796	2.711
MGS 1/2015 3.955% 15.09.2025	3.955%	15-Sep-25	52	2.879	2.887	2.863
MGS 3/2011 4.392% 15.04.2026	4.392%	15-Apr-26	13	3.032	3.068	3.032
MGS 1/2019 3.906% 15.07.2026	3.906%	15-Jul-26	27	3.086	3.19	3.086
MGS 3/2016 3.900% 30.11.2026	3.900%	30-Nov-26	157	3.119	3.15	3.116
MGS 2/2012 3.892% 15.03.2027	3.892%	15-Mar-27	3	3.206	3.232	3.206
MGS 3/2007 3.502% 31.05.2027	3.502%	31-May-27	34	3.232	3.247	3.182
MGS 4/2017 3.899% 16.11.2027	3.899%	16-Nov-27	29	3.298	3.358	3.275
MGS 5/2013 3.733% 15.06.2028	3.733%	15-Jun-28	151	3.398	3.423	3.381
MGS 2/2019 3.885% 15.08.2029	3.885%	15-Aug-29	36	3.514	3.514	3.504
MGS 2/2020 2.632% 15.04.2031	2.632%	15-Apr-31	90	3.509	3.542	3.509
MGS 4/2011 4.232% 30.06.2031	4.232%	30-Jun-31	14	3.635	3.635	3.609
MGS 4/2013 3.844% 15.04.2033	3.844%	15-Apr-33	2	3.811	3.811	3.805
MGS 3/2018 4.642% 07.11.2033	4.642%	7-Nov-33	6	3.872	3.872	3.872
MGS 4/2019 3.828% 05.07.2034	3.828%	5-Jul-34	19	3.919	3.929	3.87
MGS 4/2015 4.254% 31.05.2035	4.254%	31-May-35	210	3.861	3.918	3.852
MGS 3/2017 4.762% 07.04.2037	4.762%	7-Apr-37	6	4.073	4.135	4.073
MGS 4/2018 4.893% 08.06.2038	4.893%	8-Jun-38	6	4.188	4.22	4.188
MGS 5/2019 3.757% 22.05.2040	3.757%	22-May-40	191	4.099	4.141	3.965
MGS 2/2016 4.736% 15.03.2046	4.736%	15-Mar-46	7	4.35	4.35	4.33
MGS 1/2020 4.065% 15.06.2050	4.065%	15-Jun-50	108	4.201	4.223	4.184
GII MURABAHAH 4/2018 3.729% 31.03.2022	3.729%	31-Mar-22	21	1.779	1.779	1.779
GII MURABAHAH 1/2015 4.194% 15.07.2022	4.194%	15-Jul-22	240	1.747	1.8	1.747
PROFIT-BASED GII 4/2012 15.11.2022	3.699%	15-Nov-22	1	1.659	1.659	1.659
GII MURABAHAH 7/2019 3.151% 15.05.2023	3.151%	15-May-23	44	2.25	2.39	2.215
GII MURABAHAH 1/2016 4.390% 07.07.2023	4.390%	7-Jul-23	3	2.293	2.293	2.293
GII MURABAHAH 3/2018 4.094% 30.11.2023	4.094%	30-Nov-23	11	2.415	2.415	2.289
GII MURABAHAH 8/2013 22.05.2024	4.444%	22-May-24	45	2.718	2.718	2.697
GII MURABAHAH 4/2019 3.655% 15.10.2024	3.655%	15-Oct-24	185	2.756	2.779	2.745
GII MURABAHAH 1/2018 4.128% 15.08.2025	4.128%	15-Aug-25	100	3.035	3.035	3.035
GII MURABAHAH 4/2015 3.990% 15.10.2025	3.990%	15-Oct-25	25	3.08	3.08	3.024
GII MURABAHAH 3/2019 3.726% 31.03.2026	3.726%	31-Mar-26	22	3.103	3.165	3.103
GII MURABAHAH 3/2016 4.070% 30.09.2026	4.070%	30-Sep-26	5	3.213	3.213	3.213
GII MURABAHAH 1/2017 4.258% 26.07.2027	4.258%	26-Jul-27	11	3.433	3.433	3.404
GII MURABAHAH 1/2020 3.422% 30.09.2027	3.422%	30-Sep-27	51	3.378	3.426	3.378
PROFIT-BASED GII 1/2013 08.08.2028	3.871%	8-Aug-28	100	3.559	3.559	3.552
GII MURABAHAH 2/2018 4.369%	4.369%	31-Oct-28	44	3.482	3.495	3.456

31.10.2028									
GII	MURABAH	3/2015	4.245%						
30.09.2030				4.245%	30-Sep-30	27	3.624	3.631	3.607
GII	MURABAH	2/2020	3.465%						
15.10.2030				3.465%	15-Oct-30	114	3.564	3.587	3.557
GII	MURABAH	6/2017	4.724%						
15.06.2033				4.724%	15-Jun-33	84	3.874	3.884	3.858
GII	MURABAH	6/2019	4.119%						
30.11.2034				4.119%	30-Nov-34	78	4.034	4.034	4.024
GII	MURABAH	1/2021	3.447%						
15.07.2036				3.447%	15-Jul-36	1	3.988	3.988	3.988
GII	MURABAH	2/2019	4.467%						
15.09.2039				4.467%	15-Sep-39	33	4.217	4.217	4.216
GII	MURABAH	2/2021	4.417%						
30.09.2041				4.417%	30-Sep-41	206	4.178	4.222	4.178
Total						3,145			

Sources: BPAM

MYR Bonds Trades Details								
PDS	Rating	Coupon	Maturity Date	Volume (RM 'm)	Last Done	Day High	Day Low	
DANAINFRA IMTN 4.360% 12.02.2029 - TRANCHE 6	GG	4.360%	12-Feb-29	10	3.699	3.731	3.699	
DANGA IMTN 4.520% 06.09.2027 - Tranche 7	AAA (S)	4.520%	6-Sep-27	5	3.65	3.65	3.65	
DANGA IMTN 2.960% 25.01.2028 - Tranche 11	AAA (S)	2.960%	25-Jan-28	40	3.789	3.793	3.789	
SARAWAKHIDRO IMTN 4.67% 11.08.2031	AAA	4.670%	11-Aug-31	15	4.01	4.01	4.01	
TENAGA IMTN 03.08.2032	AAA	4.950%	3-Aug-32	20	4.089	4.091	4.089	
UMWH IMTN 4.650% 13.09.2023	AA+ IS	4.650%	13-Sep-23	10	2.864	2.876	2.864	
GENM CAPITAL MTN 3653D 11.7.2028	AA1 (S)	5.300%	11-Jul-28	2	4.677	4.852	4.677	
HLFG Tier 2 Subordinated Notes (Tranche 2)	AA2	4.300%	14-Jun-29	10	3.316	3.324	3.316	
UEMS IMTN 4.00% 09.06.2023 - Issue No. 10	AA- IS	4.000%	9-Jun-23	20	3.57	3.57	3.542	
UEMS IMTN 3.900% 21.09.2023 - Issue No. 12	AA- IS	3.900%	21-Sep-23	20	3.718	3.718	3.695	
MALAKOFF POW IMTN 5.450% 15.12.2023	AA- IS	5.450%	15-Dec-23	30	2.997	3.004	2.997	
UEMS IMTN 4.600% 20.05.2026 - Series No. 13	AA- IS	4.600%	20-May-26	10	4.597	4.6	4.597	
CIMB THAI 3.900% 11.07.2031 - Tranche No 5	AA3	3.900%	11-Jul-31	30	4.278	4.283	4.278	
MAYBANK IMTN 4.080% PERPETUAL	AA3	4.080%	22-Feb-17	1	3.462	3.469	3.462	
UMWH Perpetual Sukuk Musharakah 6.35% - Tranche 1	AA- IS	6.350%	20-Apr-18	1	4.315	4.319	4.315	
Total				224				

Sources: BPAM

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